



Cotton

Situation and Outlook

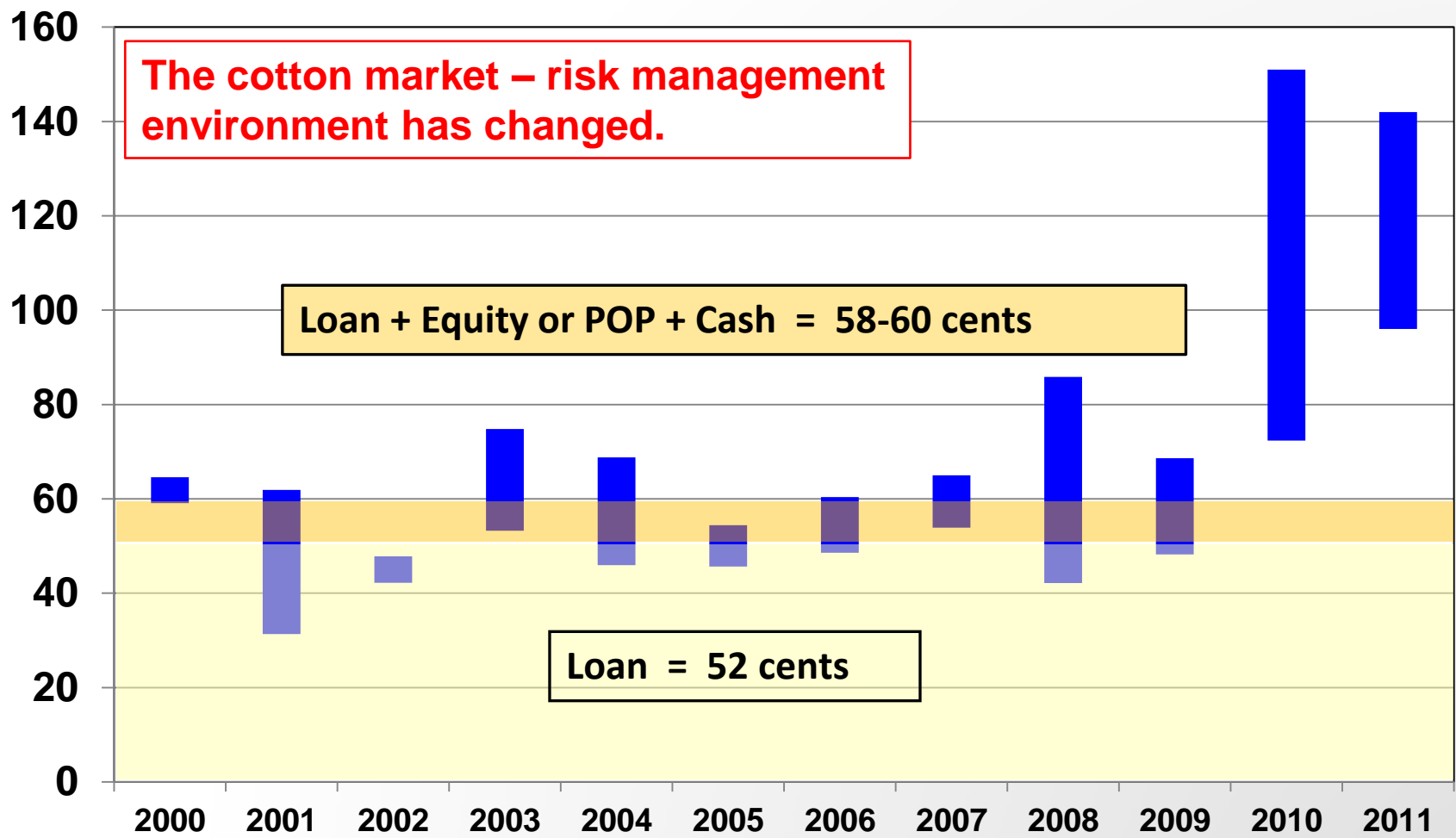
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Department of Agricultural and Applied Economics
University of Georgia

Southern Region Agricultural Outlook Conference
September 20-22, 2011
Atlanta, GA





High and Low of December Cotton Futures (Daily Close) January Through November Prior to Harvest



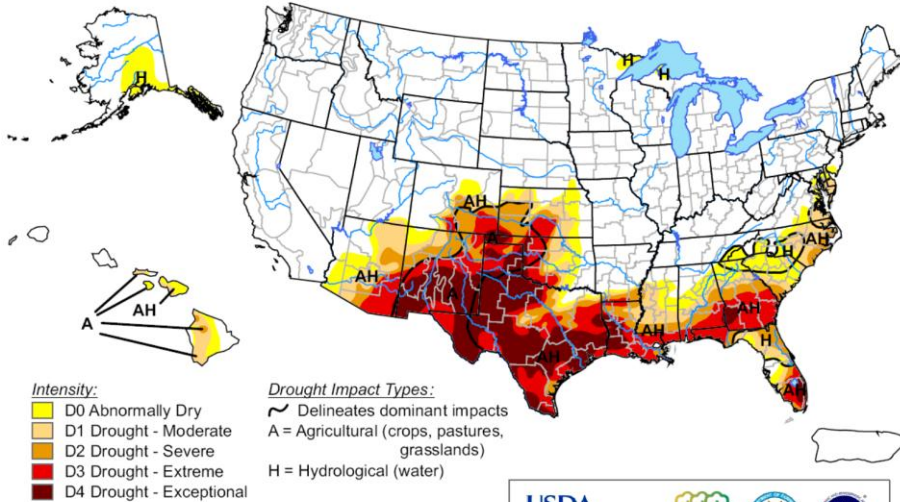


Drought Has Persisted

Higher US Crop Would Result in Much Lower Prices

U.S. Drought Monitor

June 7, 2011
Valid 8 a.m. EDT



Intensity:
 D0 Abnormally Dry
 D1 Drought - Moderate
 D2 Drought - Severe
 D3 Drought - Extreme
 D4 Drought - Exceptional

Drought Impact Types:
 ~ Delineates dominant impacts
 A = Agricultural (crops, pastures, grasslands)
 H = Hydrological (water)



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

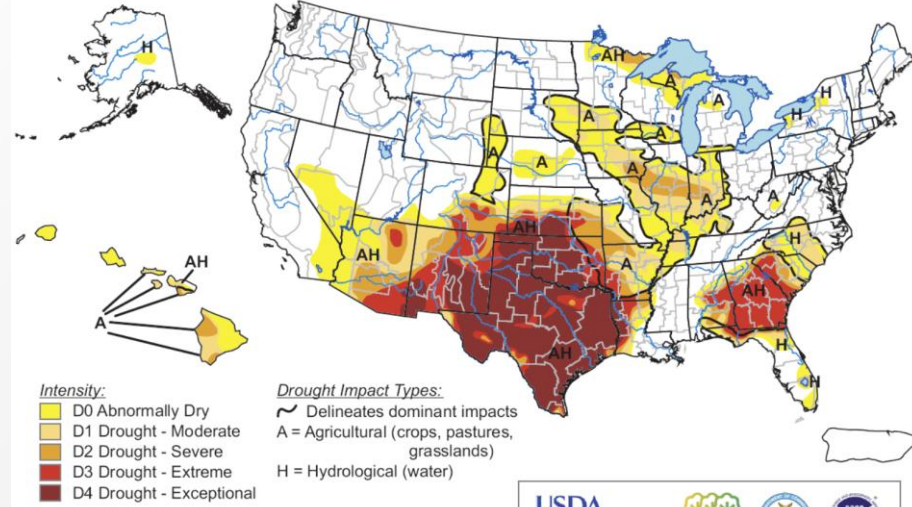
Released Thursday, June 9, 2011

Author: Matthew Rosencrans, NOAA/NWS/NCEP/CPC

<http://drought.unl.edu/dm>

U.S. Drought Monitor

September 13, 2011
Valid 8 a.m. EDT



Intensity:
 D0 Abnormally Dry
 D1 Drought - Moderate
 D2 Drought - Severe
 D3 Drought - Extreme
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Drought Impact Types:
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 A = Agricultural (crops, pastures, grasslands)
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The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Released Thursday, September 15, 2011

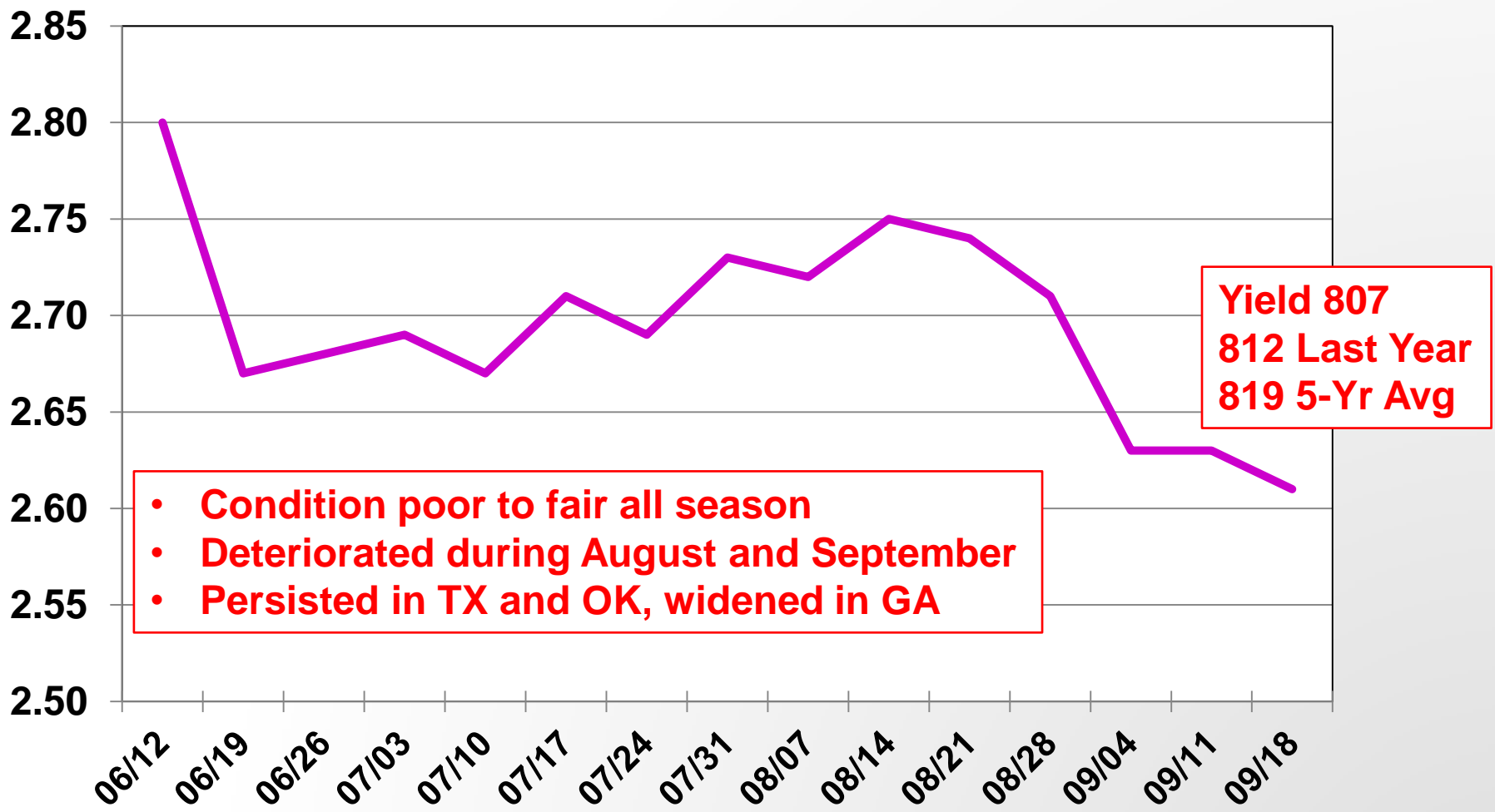
Author: Mark Svoboda, National Drought Mitigation Center

<http://drought.unl.edu/dm>





US Cotton Crop Condition Index

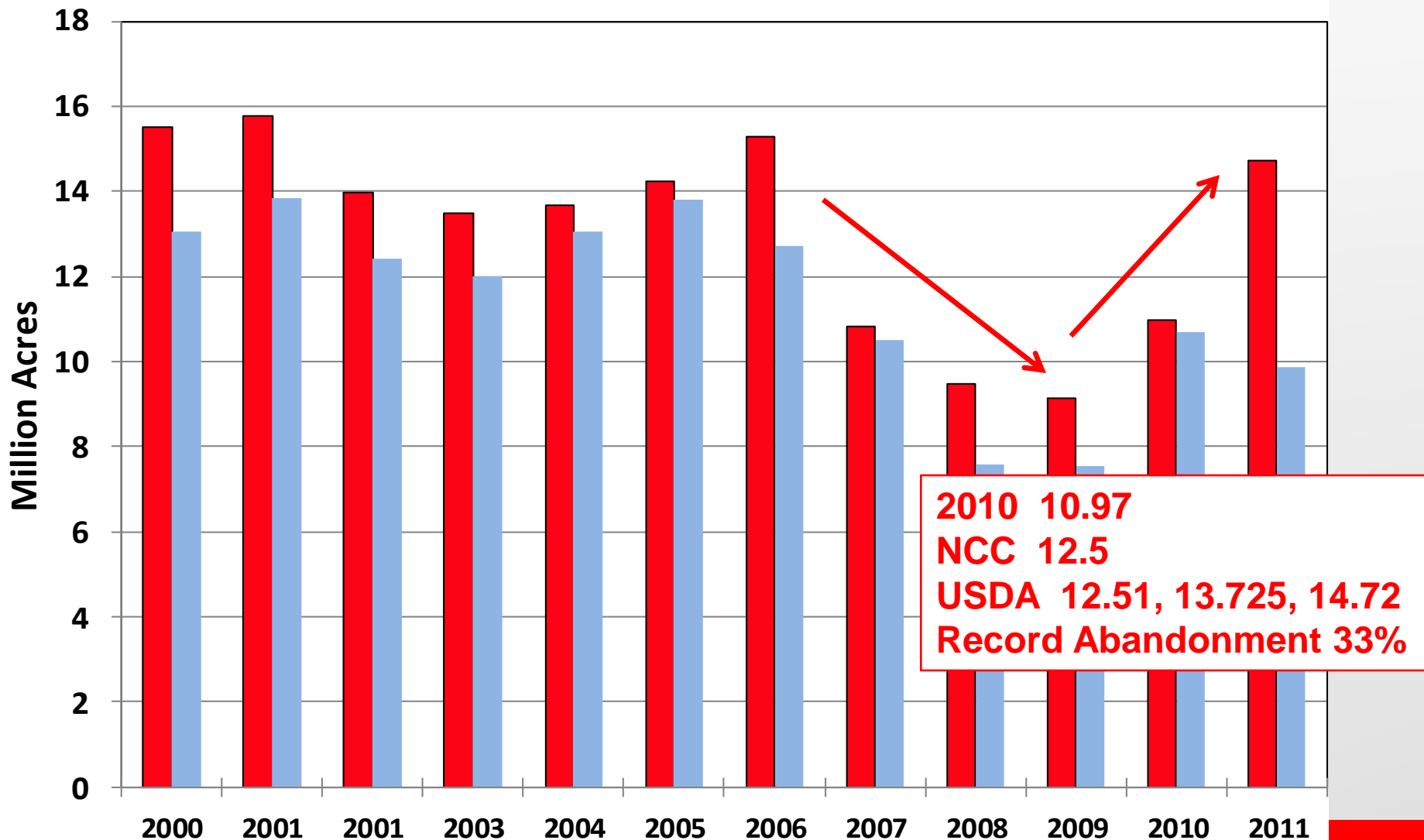


1=very poor, 2=poor, 3=fair, 4=good, 5=very good



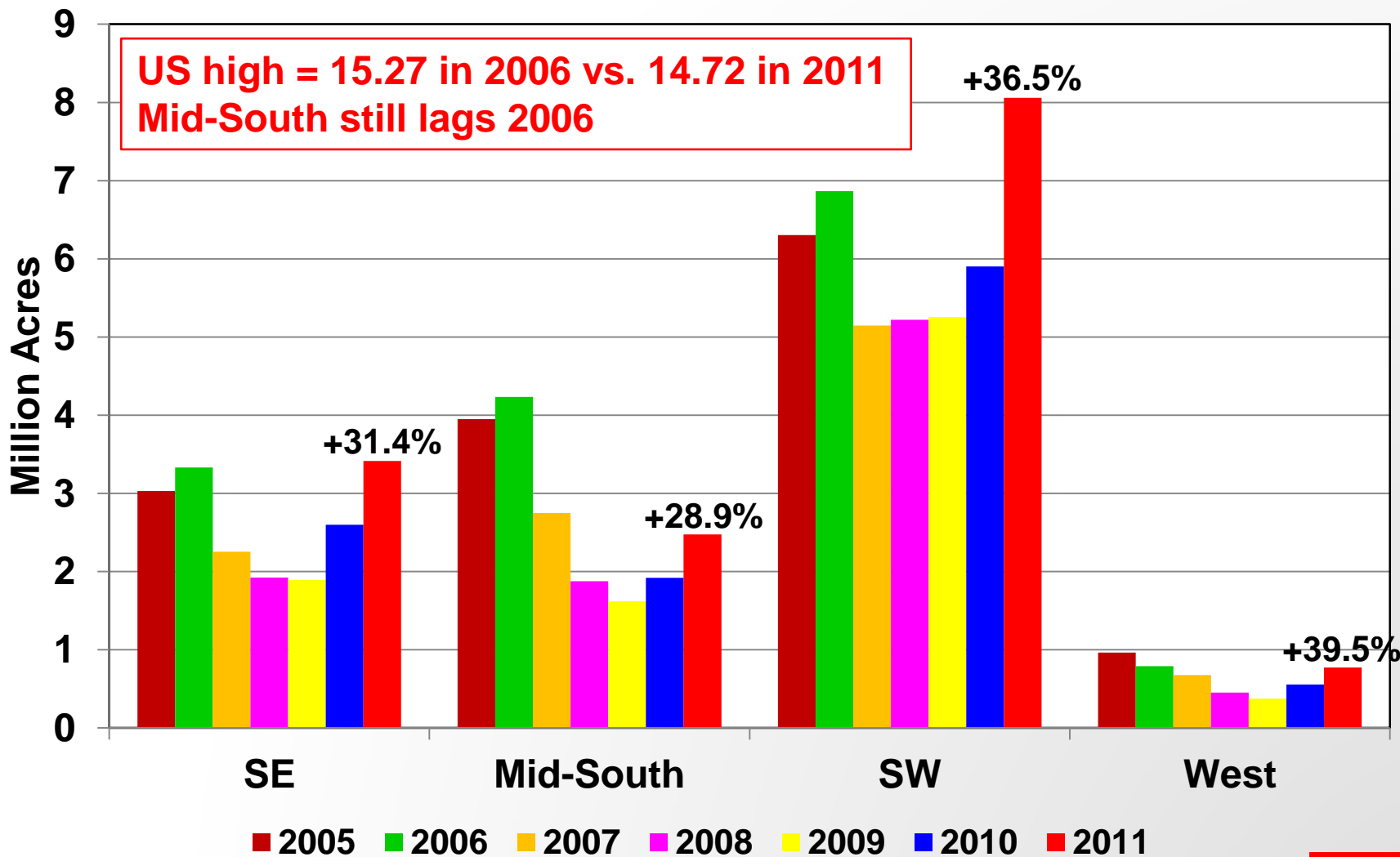


US Cotton Acres Planted and Harvested



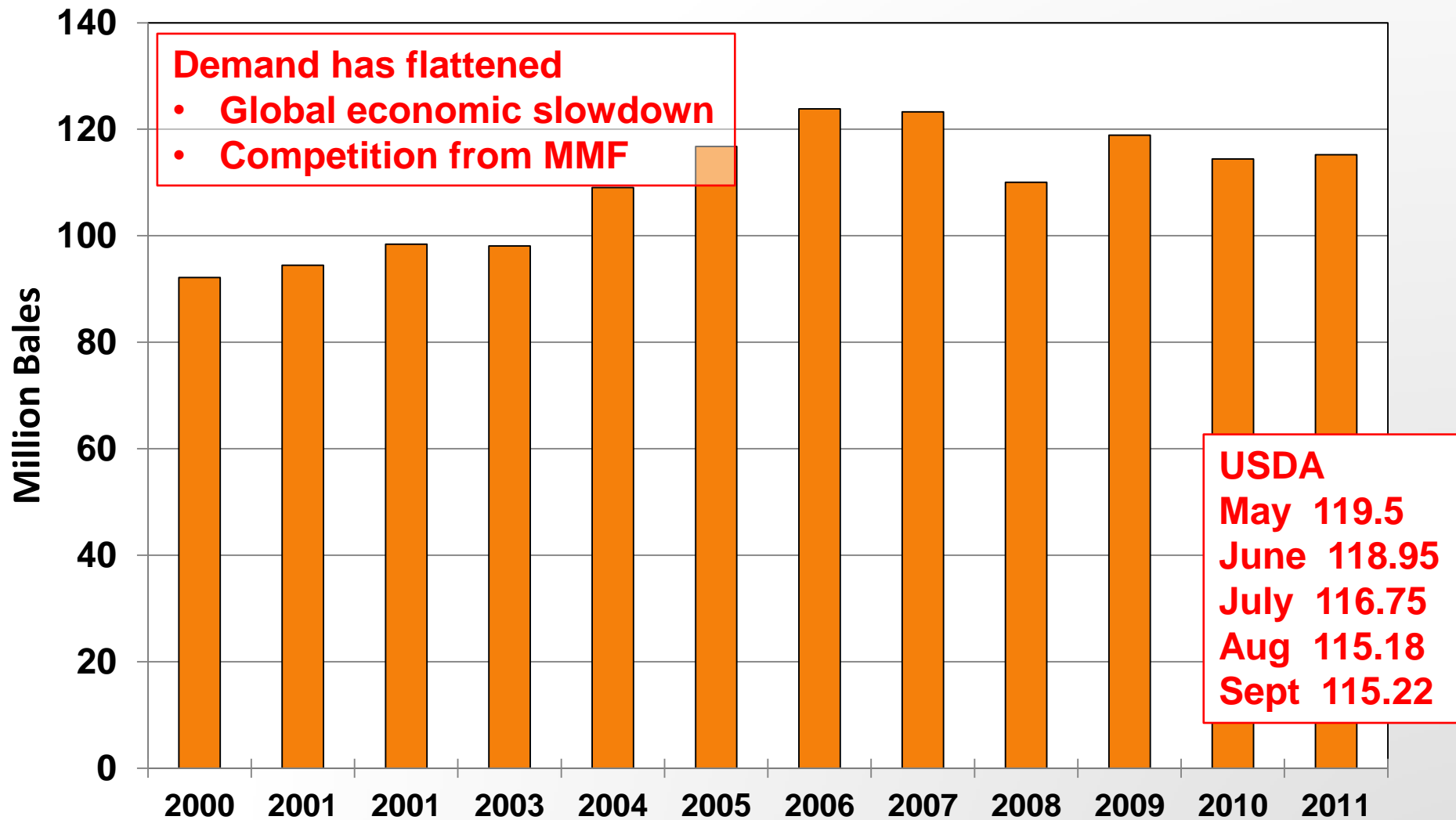


US Cotton Acres Planted By Region



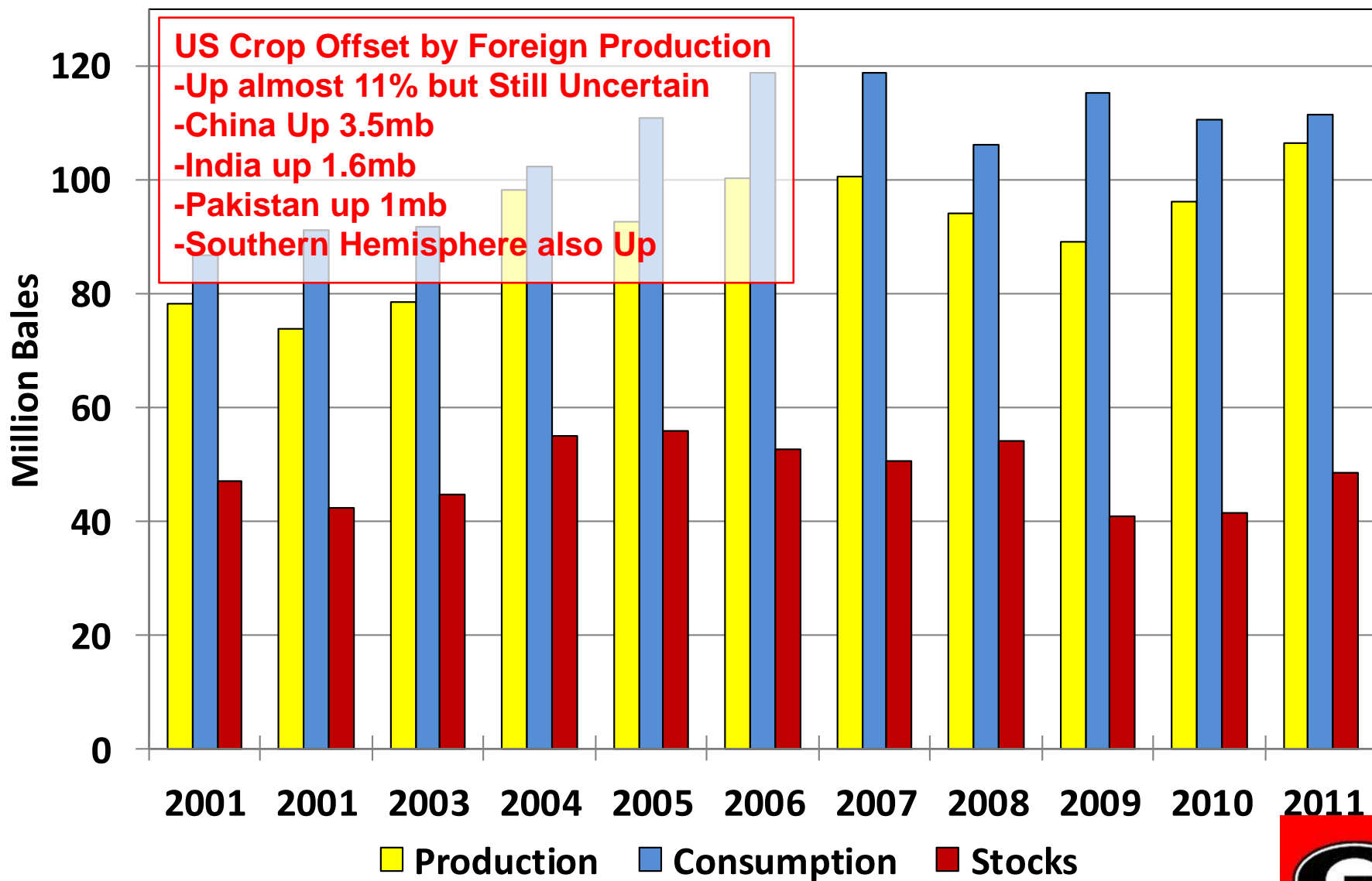


World Cotton Use (Demand)



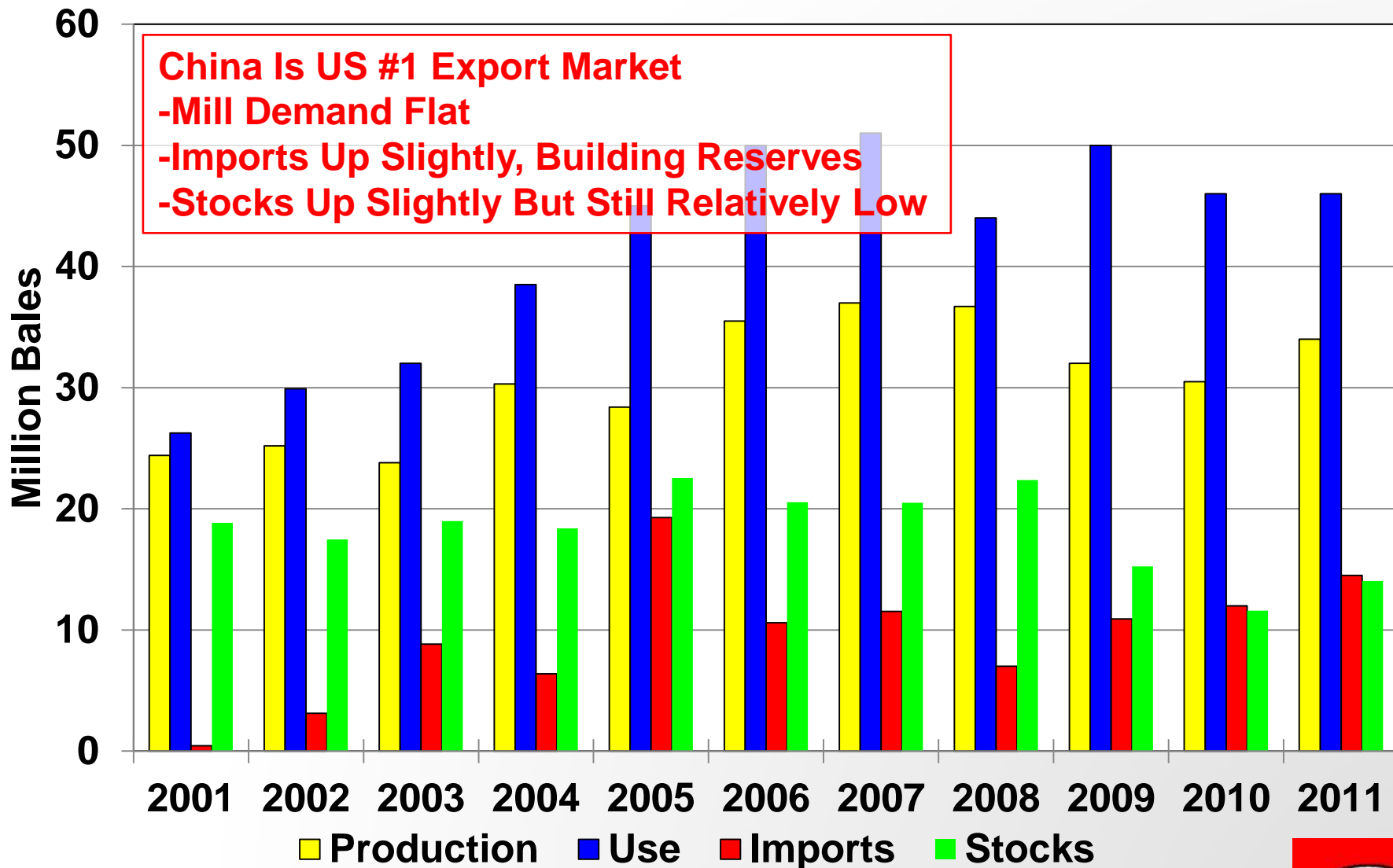


Foreign Production, Use, and Ending Stocks



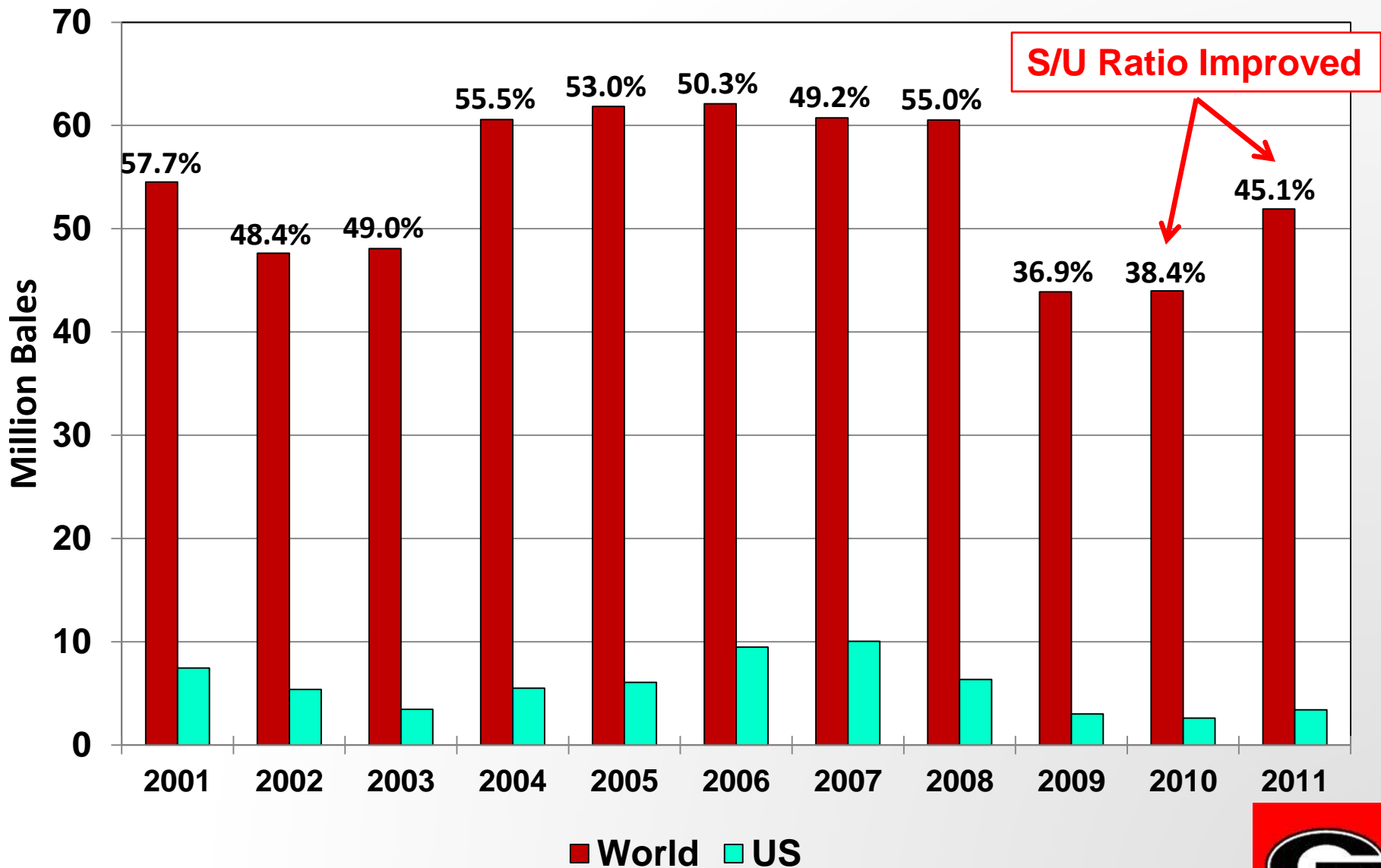


China Production, Use, Imports and Ending Stocks





World and US Ending Stocks





2012 Outlook Issues

- **US acreage likely about the same or somewhat lower**
- **Foreign acreage likely down**
- **World Use uncertain**
- **If demand improves, prices \$0.85 to \$1.15**
- **If demand struggles, prices \$0.70 to \$0.90**





Prospective 2012 Crop Comparisons

Non-Irrigated Production

	Texas (District 11)			Georgia (South and East)			Mississippi (Delta)		
	Cotton	Corn	SBeans	Cotton	Corn	SBeans	Cotton	Corn	SBeans
Price	0.9750	6.50	13.25	0.975	6.50	13.25	0.975	6.50	13.25
Yield	800	100	30	700	85	30	900	115	42
Crop Income	780	650	398	683	553	398	878	748	557
Variable Cost	328	226	133	419	291	233	446	356	203
Net Return	452	424	265	264	262	165	432	392	354
BE Cotton Price		0.940	0.741		0.972	0.834		0.931	0.888





Prospective 2012 Crop Comparisons

Irrigated Production								
	Texas (District 2)				Georgia (South and East)			
	Cotton	Corn	SBeans	Peanuts	Cotton	Corn	SBeans	Peanuts
Price	0.9750	6.50	13.25	600	0.975	6.50	13.25	600
Yield	1000	180	40	4,500	1100	185	55	4,000
Crop Income	975	1170	530	1350	1073	1203	729	1200
Variable Cost	515	678	376	890	552	606	320	656
Net Return	460	492	154	460	521	597	409	544
BE Cotton Price		1.007	0.669	0.975		1.044	0.873	0.996





Cotton Profit Issues

- **New varieties, yield and fiber quality**
- **Herbicide Resistance and Weed Control Costs**
- **Fuel and Fertilizer Costs**
- **Marketing, Market Volatility**
- **Potential Changes in the Farm Bill Safety Net**





Questions?

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